

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 515 – SB 574

April 6, 2015

**SUMMARY OF ORIGINAL BILL:** Requires the Bureau of TennCare to provide notice to the Chairs of the Senate Health and Welfare Committee and the Health Committee of the House of Representatives prior to making any reduced payments from the Nursing Home Assessment Trust Fund on a pro rata basis.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (005611):** Deletes all language after the enacting clause. Extends the annual nursing home assessment for an additional year, through June 30, 2016. Revises the assessment rates of certain nursing facilities and percentages to be paid from the nursing home assessment trust fund.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase State Revenue - \$107,100,000/FY15-16/Nursing Home Assessment Trust Fund**

**Increase State Expenditures - \$107,100,000/FY15-16/  
Nursing Home Assessment Trust Fund**

**Increase Federal Expenditures - \$199,206,300/FY15-16/  
Nursing Home Assessment Trust Fund**

**The Governor's FY15-16 proposed budget includes revenue recognition in the amount of \$107,100,000 and expenditures in the amount of \$306,306,000 in both state and federal funds as a result of the continuation of the nursing home assessment fee.**

Assumptions for the bill as amended:

- According to the Bureau of TennCare, the assessment on nursing homes will result in an increase in state revenue to the Nursing Home Assessment Trust Fund (NHATF) of \$107,100,000.
- The state revenue generated will produce federal funds in the amount of \$199,206,306 at a federal match rate of 65.035 percent. These funds will be placed in the NHATF instead of the General Fund but will continue to be spent to reimburse nursing homes.

- The total funds available to expend from the NHATF in FY15-16 are estimated to be \$306,306,306 (\$107,100,000 state + \$199,206,306 federal).
- All revenue collected by the state, including investment earnings credited to the nursing home annual assessment fee payments, interest, and penalties paid by any nursing home, and all federal funds generated by federal matching funds relative to the nursing home assessment will be used by the Bureau of TennCare for the sole purpose of providing payments to nursing homes and use of these funds for any other purpose is prohibited.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "Jeffrey L. Spalding". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Spalding" clearly legible.

Jeffrey L. Spalding, Executive Director

/kml